

**RHS, RBS, RUS, FSA, USDA****§ 1951.506**

(4) Cash proceeds of real property insurance as provided in subpart A of part 1806 of this chapter (FmHA or its successor agency under Public Law 103-354 Instruction 426.1).

(5) Sale of real estate not mortgaged to the Government, pursuant to a condition of loan approval.

(6) Transactions of a similar nature which reduce the value of the security for the loan(s).

*Non-recoverable costs.* Payments charged to a loan program insurance fund by use of a fund code. These costs are only incurred after Government acquisition of title to the property, and are therefore charged to an inventory account.

*Overage.* This term refers to both “overage” and “surcharge” described in exhibit H to subpart C of part 1930 of this chapter.

*Payment effective date.* The payment effective date is the day of the month on which payments will be effectively applied to the account by the Finance Office for the month payment is due regardless of the payment reception date. On PASS all payments will be applied as of the first day of the month.

*Payment reception date.* The day of the month the payment is received in the District Office.

*Predetermined Amortization Schedule System (PASS).* System whereby FmHA or its successor agency under Public Law 103-354 will apply loan payments based on an amortization schedule.

*Project late fee.* The amount charged a borrower's project account for a delinquent payment according to § 1951.510(c)(2) of this subpart, or when an uncollectible regular payment has been processed according to § 1951.506(c) of this subpart.

*Promissory note installment.* The unrounded amortized installment shown on the promissory note, conversion agreement, assumption agreement or reamortization agreement, whichever is currently in effect.

*Recoverable costs.* Additional project costs such as vouchered insurance or taxes which FmHA or its successor agency under Public Law 103-354 requires a borrower to pay.

*Refund payment.* Payments from unused loan funds which are applied to

principal on the end of the loan account.

*Regular payment.* All monthly payments scheduled according to PASS. Does not include extra payments, advance regular payments, refund payments or voluntary additional principal payments.

*Subsidized installment.* The promissory note installment reduced by the terms of Form FmHA or its successor agency under Public Law 103-354 1944-7, “Multiple Family Housing Interest Credit and Rental Assistance Agreement.” The subsidized installment is the unrounded amortized installment computed at the subsidized interest rate.

*Subsidy credit.* The difference between a borrower's monthly promissory note installment and the monthly subsidized installment.

*Voluntary additional principal payment.* Payments applied all to principal which are made at the election of the borrower in addition to regularly scheduled payments and with FmHA or its successor agency under Public Law 103-354 approval. Such payments will not affect the schedule payment status or change the amount of the regular monthly payments. Funds for voluntary additional principal payments are derived from sources other than extra payment sources. Payments will be applied to current loans only.

[50 FR 8597, Mar. 4, 1985, as amended at 53 FR 2194, Jan. 26, 1988; 53 FR 16244, May 6, 1988; 55 FR 25078, June 20, 1990; 56 FR 66961, Dec. 27, 1991; 62 FR 25070, May 7, 1997]

**§ 1951.505 [Reserved]****§ 1951.506 Processing payments.**

(a) *Regular payments.* Regular payments and advance regular payments will be processed as follows:

(1) All payments will be based on tenants occupying the units as of the first day of the month prior to the payment due date. For example, a payment due on July 1 is based on tenants occupying the units June 1. For the purposes of this subpart, the word “tenant” also means RCH “member.”

(2) The borrower must deliver all Forms FmHA or its successor agency

under Public Law 103-354 1944-8, "Tenant Certification," or for tenants receiving Section 8 assistance, the acceptable Department of Housing and Urban Development (HUD) form to the District Director according to paragraph VII F 1 of exhibit B to subpart C to part 1930 of this chapter. The District Director will date stamp each certification and will verify the information on the tenant certification also as required in paragraph VII F of exhibit B to subpart C of part 1930 of this chapter. The data from the tenant certifications must be entered into the Multi-Family Housing Tenant File System (MTFS) which will calculate the tenant's rent payment.

(i) If the calculations on the tenant certification do not agree with MTFS, the District Office will contact the borrower/management to resolve the discrepancy. MTFS calculations will be used to calculate interest credit and rental assistance due the borrower.

(ii) A copy of MTFS "Project Worksheet—Interest Credit and Rental Assistance," an automated printout, will be generated and compared to the borrower's Form FmHA or its successor agency under Public Law 103-354 1944-29, "Project Worksheet for Interest Credit and Rental Assistance." Only tenants with current tenant certifications shown on MTFS will be certified for interest credit or rental assistance when processing payments.

(iii) A copy of the monthly MTFS project worksheet report will be filed with Form FmHA or its successor agency under Public Law 103-354 1944-29 to document the approved subsidies.

(iv) At the borrower's request, a copy of the MTFS project worksheet report may be used as Parts I and II in lieu of Form FmHA or its successor agency under Public Law 103-354 1944-29. The District Office will provide a copy of the MTFS project worksheet report to the borrower about the 20th of the month. When using the MTFS project worksheet report as Parts I and II of Form FmHA or its successor agency under Public Law 103-354 1944-29, the borrower will verify the data, sign the MTFS project worksheet report, and return it with the monthly payment to the District Office. Borrowers using the MTFS project worksheet report as Part

II, only, will complete, sign, and attach Part I of Form FmHA or its successor agency under Public Law 103-354 1944-29 to the MTFS project worksheet report, before returning it with the monthly payment. Borrowers with Section 8 units who are reporting overage payment, and/or excess HUD contract rent to the reserve account are required to complete Part I of either Form FmHA or its successor agency under Public Law 103-354 1944-29 or the MTFS project worksheet report.

(3) On or about the 11th day of each month, the Finance Office will generate and mail to each borrower that is delinquent and/or has late fees, Form FmHA or its successor agency under Public Law 103-354 1944-9A, "Multiple Family Housing Statement of Payment Due," showing the current monthly payment due, unpaid late fees, and delinquent payments, if any, due on the first day of the following month. This payment statement will be determined from current Finance Office records but will not reflect overage due from the borrower or rental assistance (RA) due the borrower.

(4) Each borrower will submit to the District Office Form FmHA or its successor agency under Public Law 103-354 1944-29 with the required monthly payment indicated or adjusted as indicated in paragraph (a)(5) of this section regardless of whether or not Form FmHA or its successor agency under Public Law 103-354 1944-9A is received.

(5) Form FmHA or its successor agency under Public Law 103-354 1944-29, prepared by the borrower must reflect the following:

(i) Only tenants occupying units the first day of the month prior to the payment due date.

(ii) Interest credit and (RA) may be claimed only for tenants with current tenant certification as specified in paragraph VII F 2 of exhibit B to subpart F of part 1930 of this chapter.

(iii) Overage up to the market rent must be paid to FmHA or its successor agency under Public Law 103-354 by the borrower for tenants without current tenant certifications unless there is a formal eviction in process, then the payment will be calculated based on the expired tenant certificate. The District Director may determine that the

tenant may be required to reimburse the borrower for that overage as allowed in paragraph VII F 6 c of exhibit B to subpart C of part 1930 of this chapter.

(iv) The borrower may subtract any RA due the project (supported by current tenant certifications) from the payment due and remit a "net" payment. Calculations supporting the "net" payment must be shown on Part I of Form FmHA or its successor agency under Public Law 103-354 1944-29. The Finance Office will net enough RA to bring the account status current and pay any unpaid overage, late fees, interest on delinquent principal, etc., based on the payment reception date. If the account is on or ahead of schedule on the payment reception date, enough RA will be netted to pay one full installment and any unpaid coverage, interest on delinquent principal, etc.

(6) The District Director will certify that data on current tenant certifications held in the District Office supports claims on Form FmHA or its successor agency under Public Law 103-354 1944-29. The District Director will transmit payments as directed in exhibit A of this subpart (available in any FmHA or its successor agency under Public Law 103-354 office).

(7) Payment input by FmHA or its successor agency under Public Law 103-354 will be based on correct amounts regardless of the amount remitted by the borrower.

(b) *Other payments.* Payments made through the District Office will be processed according to subpart B of part 1951 of this chapter (available in any FmHA or its successor agency under Public Law 103-354 office).

(c) *Uncollectible payment.* Uncollectible payments will be handled under subpart B of this part 1951 of this chapter. The payment effective date for the replacement payment will be the date the replacement payment is received in the District Office, not the date of the original payment.

[50 FR 8597, Mar. 4, 1985, as amended at 51 FR 27671, Aug. 1, 1986; 55 FR 25078, June 20, 1990; 56 FR 28038, June 19, 1991; 58 FR 40954, July 30, 1993; 59 FR 54789, Nov. 2, 1994; 62 FR 25065, 25070, May 7, 1997]

#### § 1951.507 Maintaining borrower accounts.

(a) *Accounts of active borrowers.* The foundation for proper and timely debt payment is sound budgeting and monthly review of income and expenses by the borrower and, as necessary, the District Office staff. Account maintenance, therefore, must begin with initial planning and must be an integral part of ongoing analysis, planning and follow-up management assistance.

(b) *Accounts of collection-only borrowers.* Collection only accounts will be serviced according to § 1951.7(b) of subpart A of this part.

(c) *Notifying borrowers of late fees and past due payments.* The Finance Office will automatically notify each borrower of late fees for payments which were unpaid on the 10th day of the month. A copy of the notice will be mailed to the District Office servicing the account.

(d) *Subsequent servicing.* Delinquent accounts will be serviced according to the respective program requirements. Accounts will also be serviced under subpart B of part 1965 of this chapter.

(e) *District Office monitoring.* District Offices should review each account at least monthly by accessing the Automated Multi-Housing Accounting System (AMAS) through field office terminals. For projects on PASS, the Management System card will be flagged with an orange signal between Position "5" and "RRH." Exhibit A-1 of this subpart (available in any FmHA or its successor agency under Public Law 103-354 office) should be used to track payments.

[50 FR 8597, Mar. 4, 1985, as amended at 58 FR 40955, July 30, 1993]

#### § § 1951.508-1951.509 [Reserved]

#### § 1951.510 Payment application.

(a) *Regular payment due date.* The regular payment due date is the first day of each month. All months will be counted as 30 days (360 day year).

(b) *First regular payment.* (1) The first regular amortized payment after loan closing for transfers (new terms), re-amortizations, voluntary conversions, credit sales, or loans closed after interim financing must be at least one (1) month from closing. For example, if a